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Dairy Farm Business Summary

1988

1988

NOVA SCOTIA DAIRY FARM

BUSINESS SUMMARY REPORT

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PREFACE

The 1988 Nova Scotia Dairy Farm Business Summary is a synopsis of the business performance of one hundred and twenty (120) Nova Scotia Dairy Farms. The majority of these farms participated in the Canfarm Records Program in 1988.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered to have their data included in the summary. Hence, care should be exercised in the use and interpretation of the results shown in the various tables of this publication.

Despite this limitation, this publication can be used by farmers to compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmer's own records, and comparison of these from year to year.

The co-operation of the one hundred and twenty (120) dairy producers who participated in this summary is gratefully acknowledged. Without their co-operation and data, no summary would be possible.

We would also like to acknowledge several individuals who contributed significantly to this publication: Gabriel Comeau, Peter Dekker, Jim Houghton, and Sally Steeves, who assisted with data collection; and Tracey Mitchell and Tracey Veno who performed the secretarial duties.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertently appear in the final version.

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Section A

Introduction

INTRODUCTION

The Nova Scotia Dairy Farm Business Summary is designed to provide bench-mark information that can be used to compare the financial strengths and weaknesses of individual dairy farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similiar size and general characteristics. This report may be useful in this regard.

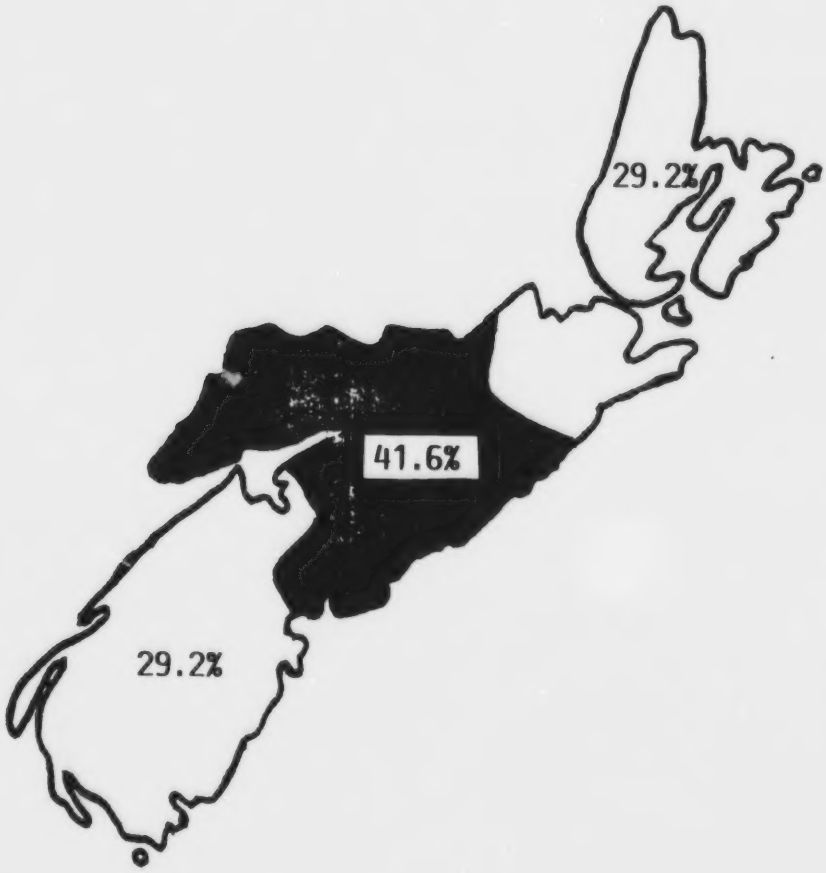
- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

In 1988, there were a total of 565 fluid milk producers in Nova Scotia. Basic data for this summary was prepared from 120 of these farms located throughout Nova Scotia. These 120 farms represent 21.2 percent of the total number of fluid milk farms in the province.

In terms of production, these farms included in the summary produced 45,357,720 litres of milk for sale. The total milk produced by fluid milk farmers in the province was 174,749,666 litres. Hence, in terms of production, farms included in this summary produced 26.0 percent of the milk produced by fluid milk farms in Nova Scotia.

Figure A-1 provides information on the distribution of these one hundred and twenty (120) farms relative to their location in the province. A description of the counties contained in each region can be found following figure A-1.

FIGURE A-1: DISTRIBUTION OF 120 DAIRY FARMS BY REGION WITHIN NOVA SCOTIA



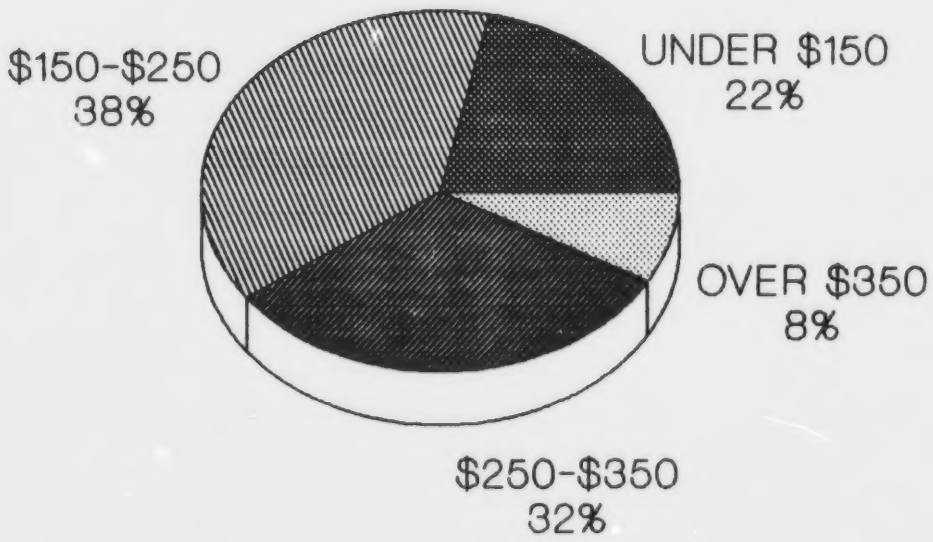
Central Region: Represents dairy farms from Colchester, Cumberland, East Hants, Halifax and Pictou Counties.

Eastern Region: Represents dairy farms from Antigonish, Cape Breton, Inverness and Victoria Counties.

Western Region: Represents dairy farms from Annapolis, Kings, Lunenburg, West Hants and Yarmouth Counties.

Figure A-2 provides information on the distribution of these one hundred and twenty (120) dairy farms relative to the size of the business measured in terms of Gross Farm Income.

FIGURE A-2: DISTRIBUTION OF 120 DAIRY FARMS BY GROSS FARM INCOME ('000 DOLLARS)



The one hundred and twenty (120) dairy farms in the summary were classified into four (4) groups according to herd size. These groups were (1) 20-39 Cows; (2) 40-59 Cows; (3) 60-99 Cows; and (4) 100 plus Cows. The basic format for the presentation of the information in this summary is as follows for sections "B" through "F".

1. Receipts
2. Expenses
3. Income Summary
4. Net Cost of Production
5. Production Analysis
6. Balance Sheet
7. Balance Sheet Analysis
8. Labour Analysis
9. Analysis of Expenses
10. Receipts and Expenses Summary

Sections "G" through "I" provide additional information on the one hundred and twenty (120) dairy farms by reclassifying these farms on the basis of Net Farm Income, Production and Investment Levels per cow.

Section "J" provides a summary of various production and management factors found throughout this summary.

The Appendix contains comparison figures for the total group based on a per farm, per cow, per hectolitre, per hundredweight and percentage analysis basis. In addition, a Glossary of Terms used in the summary is provided.

Throughout the analysis, several assumptions were made and used that should be noted. These include:

(a) Tax depreciation was used in place of management depreciation. This may result in a slightly "higher than normal" depreciation figure in this summary.

(b) Operator labour value must be considered minimal. The value chosen was the 1987 figure plus 3 percent in all size groups.

(c) Investment figures used were farmers book values. These may or may not represent cost. They may or may not represent market value. Rather, some mixture of the two concepts may be more representative in many instances.

(d) Interest on equity was calculated using a 10 percent interest rate.

Given the above explanatory notes, the basic data was then prepared. Throughout the summary, per farm and per cow figures are presented.

Section B

Unit Size

20·39 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $109,939. or $3,403. on a per cow basis. This amount accounted for 86.9 percent of Total Farm Receipts. Of this amount, fluid milk represented 75.0 percent, manufactured milk 21.9 percent and milk subsidy 3.1 percent.

Livestock sales averaged 7.1 percent of Total Farm Receipts, while Crop Sales were 0.4 percent and Miscellaneous Sales were 5.6 percent.

Total Farm Receipts averaged $126,461. per farm or $3,914. on a per cow basis.

TABLE B-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 82,449.	$ 2,552.
Manufactured Milk Sales	24,040.	744.
Milk Subsidy	3,450.	107.
Livestock Sales	9,008.	279.
Crop Sales	448.	14.
TOTAL FARM RECEIPTS	$ 126,461.	$ 3,914.

EXPENSES

Total Cash Expenses for farms in this group averaged $93,408. per farm or $2,891. per cow. Purchased dairy feed was the largest expense item and accounted for 28.0 percent of this total.

Other major expenses were; interest at 15.6 percent, hired labour at 6.2 percent, crop expenses at 6.7 percent, tractor and machinery expense at 5.9 percent, and miscellaneous at 3.2 percent.

TABLE B-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 3,852.	$ 119.
Dairy Feed	26,194.	811.
Livestock Purchases	2,762.	85.
Vet & Drugs	1,654.	51.
Breeding	1,554.	48.
Dairy Supplies	3,294.	102.
Milk Marketing	4,675.	145.
Crop Expense	6,294.	195.
Building & Fence Repair	3,063.	95.
Utilities	3,054.	95.
Tractor & Machinery Expense	5,516.	171.
Truck & Auto	2,318.	72.
Interest	14,527.	450.
Hired Labour	5,794.	179.
Taxes & Insurance	3,240.	100.
Custom Work	1,676.	52.
Rentals & Leases	947.	29.
Miscellaneous	2,994.	93.
TOTAL CASH EXPENSES	$ 93,408.	$ 2,891.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $33,053. per farm or $1,024. per cow.

NET FARM INCOME adjusts Net Cash Income for inventory change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $20,391. per farm or $631. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $10,558. per farm or $327. per cow.

TABLE B-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 126,461.	$ 3,914.
Total Cash Expenses	93,408.	2,891.
NET CASH INCOME	$ 33,053.	$ 1,024.
Plus: Inventory Change	$ 3,288.	$ 102.
Less: Depreciation	15,950.	494.
NET FARM INCOME	$ 20,391.	$ 631.
Less: Unpaid Family Labour	$ 2,061.	$ 64.
Interest on Equity @10%	7,772.	241.
LABOUR AND MANAGEMENT INCOME	$ 10,558.	$ 327.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $111,374. per farm or $3,447. per cow. On a per hectolitre of milk sold basis, this cost was $55.57. The return from the sale of milk averaged $54.85 leaving a net return over costs of $(0.72) per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $49.58, leaving a Net Return of $5.27. This then would be the return to Operator Labour.

TABLE B-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 93,408.	$ 2,891.
Plus: Depreciation		15,950.	494.
Inventory Change		(3,288.)	(102.)
Interest on Equity @ 10%		7,772.	241.
Unpaid Family Labour		2,061.	64.
Operator Labour		11,993.	371.
Less: Sales (Excl. Milk)		16,522.	511.
NET COST OF PRODUCING MILK		$ 111,374.	$ 3,447.
Number of Cows	(#)	32	1
Total Litres of Milk Sold	(L)	200,426	6,204
Price Received per HL	($)	54.85	54.85
Cost of Producing Milk/HL	($)	55.57	55.57
NET RETURN PER HL	($)	(0.72)	(0.72)

PRODUCTION ANALYSIS

Total milk sales averaged 200,426 litres per farm. For farms in this group, 32 cows per farm was the average with milk sold per cow standing at 6,204 litres. Fluid milk represented 70.4 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 75.0 percent of milk sales. Average blend price for all milk was $54.85 per hectolitre.

Purchased feed averaged $811. per cow or $13.07 per hectolitre of milk sold. These dollars represented 2,787 kilograms of feed per cow consumed.

TABLE B-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	32	1
Total Litres of Milk Sold	(L)	200,426	6,204
Value of Milk Sold	($)	109,939	3,403
Price Received per HL Milk	($)	54.85	54.85
Fluid Milk (L's as % of Total Milk)	(%)	70.4	70.4
Fluid Milk ($'s as % of Total Milk)	($)	75.0	75.0
Cost of Dairy Feed	($)	26,194	811
Feed Cost per HL Milk Sold	($)	13.07	13.07
Feed Cost as % of Total Cost	(%)	24.0	24.0
Feed Cost as % of Milk Sales	(%)	23.8	23.8
Kilograms of Feed/HL Milk	(Kgs)	44.93	44.93
Kilograms of Feed	(Kgs)	89,195	2,787
Pounds of Feed	(Lbs)	196,228	6,132

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $238,722. per farm or $7,389. per cow. Liabilities averaged $160,999. per farm and $4,983. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $77,723. per farm or $2,406. per cow.

TABLE B-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 38,138.	$ 1,180.
" " - Buildings	43,857.	1,357.
" " - Machinery	44,997.	1,393.
" " - Livestock	39,912.	1,235.
" " - Crops & Supp	9,139.	283.
" " - Milk Quota	46,870.	1,451.
" " - Acct's Rec'able	1,205.	37.
" " - Co-op Dairy Inv.	14,605.	452.
TOTAL INVENTORY VALUE - ASSETS	$ 238,722.	$ 7,389.
LIABILITIES:		
Short Term	$ 6,043.	$ 187.
Intermediate Term	30,699.	950.
Long Term	124,258.	3,846.
TOTAL LIABILITIES	$ 160,999.	$ 4,983.
EQUITY OR NET WORTH	$ 77,723.	$ 2,406.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 32.56 percent. Farms received a return to equity capital of 8.15 percent and a return to capital of 8.74 percent.

Capital Turnover averaged 1.84 years.

Total Assets to Total Liabilities ratio was 1.48 - for every dollar of debt there were $1.48 of assets.

Net Income as a percent of Gross Farm Income averaged 15.72 percent for this group of farms.

TABLE B-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	32.56
Return on Equity	(%)	8.15
Return on Invested Capital	(%)	8.74
Capital Turnover	(Yrs)	1.84
Current Assets/Current Liabilities	($)	10.73
Total Assets/Total Liabilities	($)	1.48
Total Liabilities/Equity	($)	2.07
Net Income/Gross Income	(%)	15.72

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 1.65 man equivalents; composed of 1.26 operator and unpaid family labour and 0.38 hired man equivalents.

For each man equivalent, 20 cows were maintained with 121,716 litres of milk sold at a value of $66,765.

Labour Income per man equivalent averaged $9,987.

TABLE B-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	32
Operator & Family Man Equivalents	(#)	1.26
Hired Man Equivalents	(#)	0.38
Total Man Equivalents	(#)	1.65
Cows per Man Equivalent	(#)	20
Milk Sold per Man Equilivent	(L)	121,716
Milk Sold per Man Equivalent	($)	66,765
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	9,987

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 24.0 percent of Total Expenses. Other major expenses were; depreciation at 14.6 percent, interest at 13.3 percent, hired labour at 5.3 percent, crop expenses at 5.8 percent, tractor and machinery at 5.0 percent and miscellaneous at 0.9 percent of Total Expenses.

TABLE B-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 119.	3.5%
Dairy Feed	811.	24.0
Livestock Purchased	85.	2.5
Vet & Drugs	51.	1.5
Breeding	48.	1.4
Dairy Supplies	102.	3.0
Milk Marketing	145.	4.3
Crop Expenses	195.	5.8
Building & Fence Repairs	95.	2.8
Utilities	95.	2.8
Tractor & Machinery Expenses	171.	5.0
Truck & Auto Expenses	72.	2.1
Interest	450.	13.3
Hired Labour	179.	5.3
Taxes & Insurance	100.	3.0
Custom Work	52.	1.5
Rentals & Leases	29.	0.9
Miscellaneous	93.	2.7
Depreciation	494.	14.6
TOTAL EXPENSES	$ 3,385.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE B-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,552.	$ 41.14	$ 18.12
Manufactured Milk	744.	11.99	5.28
Milk Subsidies	107.	1.72	0.76
Livestock Sales	279.	4.49	1.98
Crop Sales	14.	0.22	0.10
Miscellaneous Sales	219.	3.53	1.55
TOTAL CASH RECEIPTS	$ 3,914.	$ 63.10	$ 27.80
Adj. for Inventory Change	$ 102.	$ 1.64	$ 0.72
TOTAL FARM RECEIPTS	$ 4,016.	$ 64.74	$ 28.52
EXPENSES:			
Milk Hauling	$ 119.	$ 1.92	$ 0.85
Dairy Feed	811.	13.07	5.76
Livestock Purchases	85.	1.38	0.61
Vet & Drugs	51.	0.83	0.36
Breeding	48.	0.78	0.34
Dairy Supplies	102.	1.64	0.72
Milk Marketing	145.	2.33	1.03
Crop Expenses	195.	3.14	1.38
Building & Fence Repair	95.	1.53	0.67
Utilities	95.	1.52	0.67
Tractor & Machinery Repair	171.	2.75	1.21
Truck & Auto Expense	72.	1.16	0.51
Interest	450.	7.25	3.19
Hired Labour	179.	2.89	1.27
Taxes & Insurance	100.	1.62	0.71
Custom Work	52.	0.84	0.37
Rentals & Leases	29.	0.47	0.21
Miscellaneous	93.	1.49	0.66
TOTAL CASH EXPENSES	$ 2,891.	$ 46.60	$ 20.53
Building Depreciation	$ 113.	$ 1.82	$ 0.80
Machinery Depreciation	381.	6.13	2.70
TOTAL DEPRECIATION	$ 494.	$ 7.96	$ 3.51
TOTAL FARM EXPENSES	$ 3,385.	$ 54.56	$ 24.04
NET FARM INCOME	$ 631.	$ 10.17	$ 4.48

Section C

Unit Size

40·59 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $159,045. or $3,337. on a per cow basis. This amount accounted for 84.9 percent of Total Farm Receipts. Of this amount, fluid milk represented 71.9 percent, manufactured milk 24.5 percent and milk subsidy 3.5 percent.

Livestock sales averaged 8.5 percent of Total Farm Receipts, while Crop Sales were 1.1 percent and Miscellaneous Sales were 5.5 percent.

Total Farm Receipts averaged $187,408. per farm or $3,932. on a per cow basis.

TABLE C-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 114,422.	$ 2,400.
Manufactured Milk Sales	39,006.	818.
Milk Subsidy	5,617.	118.
Livestock Sales	15,982.	335.
Crop Sales	2,138.	45.
Miscellaneous Sales	10,244.	215.
TOTAL FARM RECEIPTS	$ 187,408.	$ 3,932.

EXPENSES

Total Cash Expenses for farms in this group averaged $137,650. per farm or $2,888. per cow. Purchased dairy feed was the largest expense item and accounted for 26.8 percent of this total.

Other major expenses were; interest at 12.2 percent, hired labour at 11.8 percent, crop expenses at 7.3 percent, tractor and machinery expense at 5.9 percent, and miscellaneous at 2.1 percent.

TABLE C-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 5,806.	$ 122.
Dairy Feed	36,913.	774.
Livestock Purchases	4,266.	89.
Vet & Drugs	2,451.	51.
Breeding	2,081.	44.
Dairy Supplies	4,743.	100.
Milk Marketing	7,129.	150.
Crop Expense	10,087.	212.
Building & Fence Repair	4,489.	94.
Utilities	4,285.	90.
Tractor & Machinery Expense	8,107.	170.
Truck & Auto	3,564.	75.
Interest	16,768.	352.
Hired Labour	16,266.	341.
Taxes & Insurance	3,702.	78.
Custom Work	2,639.	55.
Rentals & Leases	1,425.	30.
Miscellaneous	2,930.	61.
TOTAL CASH EXPENSES	$ 137,650.	$ 2,888.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $49,758. per farm or $1,044. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $28,731. per farm or $603. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $14,898. per farm or $313. per cow.

TABLE C-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 187,408.	$ 3,932.
Total Cash Expenses	137,650.	2,888.
NET CASH INCOME	$ 49,758.	$ 1,044.
Plus: Inventory Change	$ 240.	$ 5.
Less: Depreciation	21,267.	446.
NET FARM INCOME	$ 28,731.	$ 603.
Less: Unpaid Family Labour	$ 2,020.	$ 42.
Interest on Equity @10%	11,813.	248.
LABOUR AND MANAGEMENT INCOME	$ 14,898.	$ 313.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $159,629. per farm or $3,349. per cow. On a per hectolitre of milk sold basis, this cost was $53.96. The return from the sale of milk averaged $53.76 leaving a net return over costs of $(0.20) per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $48.72, leaving a Net Return of $5.04. This then would be the return to Operator Labour.

TABLE C-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 137,650.	$ 2,888.
Plus: Depreciation		21,267.	446.
Inventory Change		(240.)	(5.)
Interest on Equity @ 10%		11,813.	248.
Unpaid Family Labour		2,020.	42.
Operator Labour		15,483.	325.
Less: Sales (Excl. Milk)		28,364.	595.
NET COST OF PRODUCING MILK		$ 159,629.	$ 3,349.
Number of Cows	(#)	48	1
Total Litres of Milk Sold	(L)	295,839	6,206
Price Received per HL	($)	53.76	53.76
Cost of Producing Milk/HL	($)	53.96	53.96
NET RETURN PER HL	($)	(0.20)	(0.20)

PRODUCTION ANALYSIS

Total milk sales averaged 295,839 litres per farm. For farms in this group, 48 cows per farm was the average with milk sold per cow standing at 6,206 litres.

Fluid milk represented 67.2 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 71.9 percent of milk sales. Average blend price for all milk was $53.76 per hectolitre.

Purchased feed averaged $774. per cow or $12.48 per hectolitre of milk sold. These dollars represented 2,819 kilograms of feed per cow consumed.

TABLE C-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	48	1
Total Litres of Milk Sold	(L)	295,839	6,206
Value of Milk Sold	($)	159,045	3,337
Price Received per HL Milk	($)	53.76	53.76
Fluid Milk (L's as % of Total Milk)	(%)	67.2	67.2
Fluid Milk ($'s as % of Total Milk)	($)	71.9	71.9
Cost of Dairy Feed	($)	36,913	774
Feed Cost per HL Milk Sold	($)	12.48	12.48
Feed Cost as % of Total Cost	(%)	23.2	23.2
Feed Cost as % of Milk Sales	(%)	23.2	23.2
Kilograms of Feed/HL Milk	(Kgs)	45.41	45.41
Kilograms of Feed	(Kgs)	132,472	2,819
Pounds of Feed	(Lbs)	291,438	6,201

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $312,943. per farm or $6,565. per cow. Liabilities averaged $194,815. per farm and $4,087. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $118,128. per farm or $2,478. per cow.

TABLE C-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 43,508.	$ 913.
" " - Buildings	54,564.	1,145.
" " - Machinery	61,468.	1,290.
" " - Livestock	70,628.	1,482.
" " - Crops & Supp	15,089.	317.
" " - Milk Quota	39,294.	824.
" " - Acct's Rec'able	945.	20.
" " - Co-op Dairy Inv.	27,447.	576.
TOTAL INVENTORY VALUE - ASSETS	$ 312,943.	$ 6,565.
LIABILITIES:		
Short Term	$ 16,728.	$ 351.
Intermediate Term	33,501.	703.
Long Term	144,585.	3,033.
TOTAL LIABILITIES	$ 194,815.	$ 4,087.
EQUITY OR NET WORTH	$ 118,128.	$ 2,478.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 37.75 percent. Farms received a return to equity capital of 9.51 percent and a return to capital of 8.95 percent.

Capital Turnover averaged 1.67 years.

Total Assets to Total Liabilities ratio was 1.61 - for every dollar of debt there were $1.61 of assets.

Net Income as a percent of Gross Farm Income averaged 15.31 percent for this group of farms.

TABLE C-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	37.75
Return on Equity	(%)	9.51
Return on Invested Capital	(%)	8.95
Capital Turnover	(Yrs)	1.67
Current Assets/Current Liabilities	($)	6.82
Total Assets/Total Liabilities	($)	1.61
Total Liabilities/Equity	($)	1.65
Net Income/Gross Income	(%)	15.31

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.26 man equivalents; composed of 1.34 operator and unpaid family labour and 0.92 hired man equivalents.

For each man equivalent, 21 cows were maintained with 131,094 litres of milk sold at a value of $70,477.

Labour Income per man equivalent averaged $12,661.

TABLE C-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	48
Operator & Family Man Equivalents	(#)	1.34
Hired Man Equivalents	(#)	0.92
Total Man Equivalents	(#)	2.26
Cows per Man Equivalent	(#)	21
Milk Sold per Man Equilivent	(L)	131,094
Milk Sold per Man Equivalent	($)	70,477
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	12,661

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 23.2 percent of Total Expenses. Other major expenses were; depreciation at 13.4 percent, interest at 10.6 percent, hired labour at 10.2 percent, crop expenses at 6.3 percent, tractor and machinery at 5.1 percent and miscellaneous at 0.9 percent of Total Expenses.

TABLE C-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 122.	3.7%
Dairy Feed	774.	23.2
Livestock Purchased	89.	2.7
Vet & Drugs	51.	1.5
Breeding	44.	1.3
Dairy Supplies	100.	3.0
Milk Marketing	150.	4.5
Crop Expenses	212.	6.3
Building & Fence Repairs	94.	2.8
Utilities	90.	2.7
Tractor & Machinery Expenses	170.	5.1
Truck & Auto Expenses	75.	2.2
Interest	352.	10.6
Hired Labour	341.	10.2
Taxes & Insurance	78.	2.3
Custom Work	55.	1.7
Rentals & Leases	30.	0.9
Miscellaneous	61.	1.8
Depreciation	446.	13.4
TOTAL EXPENSES	$ 3,334.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE C-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,400.	$ 38.68	$ 17.04
Manufactured Milk	818.	13.18	5.81
Milk Subsidies	118.	1.90	0.84
Livestock Sales	335.	5.40	2.38
Crop Sales	45.	0.72	0.32
Miscellaneous Sales	215.	3.46	1.53
TOTAL CASH RECEIPTS	$ 3,932.	$ 63.35	$ 27.91
Adj. for Inventory Change	$ 5.	$ 0.08	$ 0.04
TOTAL FARM RECEIPTS	$ 3,937.	$ 63.43	$ 27.94
EXPENSES:			
Milk Hauling	$ 122.	$ 1.96	$ 0.86
Dairy Feed	774.	12.48	5.50
Livestock Purchases	89.	1.44	0.64
Vet & Drugs	51.	0.83	0.36
Breeding	44.	0.70	0.31
Dairy Supplies	100.	1.60	0.71
Milk Marketing	150.	2.41	1.06
Crop Expenses	212.	3.41	1.50
Building & Fence Repair	94.	1.52	0.67
Utilities	90.	1.45	0.64
Tractor & Machinery Repair	170.	2.74	1.21
Truck & Auto Expense	75.	1.20	0.53
Interest	352.	5.67	2.50
Hired Labour	341.	5.50	2.42
Taxes & Insurance	78.	1.25	0.55
Custom Work	55.	0.89	0.39
Rentals & Leases	30.	0.48	0.21
Miscellaneous	61.	0.99	0.44
TOTAL CASH EXPENSES	$ 2,888.	$ 46.53	$ 20.50
Building Depreciation	$ 92.	$ 1.48	$ 0.65
Machinery Depreciation	354.	5.71	2.51
TOTAL DEPRECIATION	$ 446.	$ 7.19	$ 3.17
TOTAL FARM EXPENSES	$ 3,334.	$ 53.72	$ 23.66
NET FARM INCOME	$ 603.	$ 9.71	$ 4.28

Section D

Unit Size

60·99 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $254,602. or $3,396. on a per cow basis. This amount accounted for 85.9 percent of Total Farm Receipts. Of this amount, fluid milk represented 74.2 percent, manufactured milk 22.6 percent and milk subsidy 3.2 percent.

Livestock sales averaged 8.0 percent of Total Farm Receipts, while Crop Sales were 1.5 percent and Miscellaneous Sales were 4.6 percent.

Total Farm Receipts averaged $296,233. per farm or $3,951. on a per cow basis.

TABLE D-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 188,916.	$ 2,520.
Manufactured Milk Sales	57,553.	768.
Milk Subsidy	8,132.	108.
Livestock Sales	23,781.	317.
Crop Sales	4,352.	58.
Miscellaneous Sales	13,499.	180.
TOTAL FARM RECEIPTS	$ 296,233.	$ 3,951.

EXPENSES

Total Cash Expenses for farms in this group averaged $216,367. per farm or $2,886. per cow. Purchased dairy feed was the largest expense item and accounted for 26.1 percent of this total.

Other major expenses were; interest at 13.0 percent, hired labour at 12.1 percent, crop expenses at 7.6 percent, tractor and machinery expense at 6.5 percent, and miscellaneous at 3.4 percent.

TABLE D-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 8,811.	$ 118.
Dairy Feed	56,390.	752.
Livestock Purchases	5,239.	70.
Vet & Drugs	3,386.	45.
Breeding	2,959.	39.
Dairy Supplies	6,877.	92.
Milk Marketing	10,509.	140.
Crop Expense	16,547.	221.
Building & Fence Repair	6,010.	80.
Utilities	5,691.	76.
Tractor & Machinery Expense	14,017.	187.
Truck & Auto	4,609.	61.
Interest	28,217.	376.
Hired Labour	26,156.	349.
Taxes & Insurance	5,550.	74.
Custom Work	5,062.	68.
Rentals & Leases	3,008.	40.
Miscellaneous	7,330.	98.
TOTAL CASH EXPENSES	$ 216,367.	$ 2,886.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $79,866. per farm or $1,066. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $47,890. per farm or $639. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $22,721. per farm or $303. per cow.

TABLE D-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 296,233.	$ 3,951.
Total Cash Expenses	216,367.	2,886.
NET CASH INCOME	$ 79,866.	$ 1,066.
Plus: Inventory Change	$ 2,457.	$ 33.
Less: Depreciation	34,433.	459.
NET FARM INCOME	$ 47,890.	$ 639.
Less: Unpaid Family Labour	$ 3,614.	$ 48.
Interest on Equity @10%	21,555.	288.
LABOUR AND MANAGEMENT INCOME	$ 22,721.	$ 303.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $252,486. per farm or $3,368. per cow. On a per hectolitre of milk sold basis, this cost was $53.66. The return from the sale of milk averaged $54.11 leaving a net return over costs of $0.45 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $49.28, leaving a Net Return of $4.83. This then would be the return to Operator Labour.

TABLE D-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 216,367.	$ 2,886.
Plus: Depreciation		34,433.	459.
Inventory Change		(2,457.)	(33.)
Interest on Equity @ 10%		21,555.	288.
Unpaid Family Labour		3,614.	48.
Operator Labour		20,605.	275.
Less: Sales (Excl. Milk)		41,631.	555.
NET COST OF PRODUCING MILK		$ 252,486.	$ 3,368.
Number of Cows	(#)	75	1
Total Litres of Milk Sold	(L)	470,506	6,276
Price Received per HL	($)	54.11	54.11
Cost of Producing Milk/HL	($)	53.66	53.66
NET RETURN PER HL	($)	0.45	0.45

PRODUCTION ANALYSIS

Total milk sales averaged 470,506 litres per farm. For farms in this group, 75 cows per farm was the average with milk sold per cow standing at 6,276 litres.

Fluid milk represented 69.6 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 74.2 percent of milk sales. Average blend price for all milk was $54.11 per hectolitre.

Purchased feed averaged $752. per cow or $11.98 per hectolitre of milk sold. These dollars represented 2,731 kilograms of feed per cow consumed.

TABLE D-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	75	1
Total Litres of Milk Sold	(L)	470,506	6,276
Value of Milk Sold	($)	254,602	3,396
Price Received per HL Milk	($)	54.11	54.11
Fluid Milk (L's as % of Total Milk)	(%)	69.6	69.6
Fluid Milk ($'s as % of Total Milk)	($)	74.2	74.2
Cost of Dairy Feed	($)	56,390	752
Feed Cost per HL Milk Sold	($)	11.98	11.98
Feed Cost as % of Total Cost	(%)	22.5	22.5
Feed Cost as % of Milk Sales	(%)	22.1	22.1
Kilograms of Feed/HL Milk	(Kgs)	43.52	43.52
Kilograms of Feed	(Kgs)	202,114	2,731
Pounds of Feed	(Lbs)	444,650	6,009

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $522,871. per farm or $6,974. per cow. Liabilities averaged $307,318. per farm and $4,099. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $215,553. per farm or $2,875. per cow.

TABLE D-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 63,369.	$ 845.
" " - Buildings	86,992.	1,160.
" " - Machinery	99,600.	1,328.
" " - Livestock	106,278.	1,418.
" " - Crops & Supp	25,995.	347.
" " - Milk Quota	99,035.	1,321.
" " - Acct's Rec'able	2,945.	39.
" " - Co-op Dairy Inv.	38,657.	516.
TOTAL INVENTORY VALUE - ASSETS	$ 522,871.	$ 6,974.
LIABILITIES:		
Short Term	$ 22,122.	$ 295.
Intermediate Term	74,135.	989.
Long Term	211,061.	2,815.
TOTAL LIABILITIES	$ 307,318.	$ 4,099.
EQUITY OR NET WORTH	$ 215,553.	$ 2,875.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 41.22 percent. Farms received a return to equity capital of 10.98 percent and a return to capital of 9.92 percent.

Capital Turnover averaged 1.75 years.

Total Assets to Total Liabilities ratio was 1.70 - for every dollar of debt there were $1.70 of assets.

Net Income as a percent of Gross Farm Income averaged 16.03 percent for this group of farms.

TABLE D-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	41.22
Return on Equity	(%)	10.98
Return on Invested Capital	(%)	9.92
Capital Turnover	(Yrs)	1.75
Current Assets/Current Liabilities	($)	7.86
Total Assets/Total Liabilities	($)	1.70
Total Liabilities/Equity	($)	1.43
Net Income/Gross Income	(%)	16.03

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 3.14 man equivalents; composed of 1.64 operator and unpaid family labour and 1.51 hired man equivalents.

For each man equivalent, 24 cows were maintained with 149,639 litres of milk sold at a value of $80,973.

Labour Income per man equivalent averaged $16,096.

TABLE D-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	75
Operator & Family Man Equivalents	(#)	1.64
Hired Man Equivalents	(#)	1.51
Total Man Equivalents	(#)	3.14
Cows per Man Equivalent	(#)	24
Milk Sold per Man Equilivent	(L)	149,639
Milk Sold per Man Equivalent	($)	80,973
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	16,096

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 22.5 percent of Total Expenses. Other major expenses were; depreciation at 13.7 percent, interest at 11.3 percent, hired labour at 10.4 percent, crop expenses at 6.6 percent, tractor and machinery at 5.6 percent and miscellaneous at 1.2 percent of Total Expenses.

TABLE D-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 118.	3.5%
Dairy Feed	752.	22.5
Livestock Purchased	70.	2.1
Vet & Drugs	45.	1.3
Breeding	39.	1.2
Dairy Supplies	92.	2.7
Milk Marketing	140.	4.2
Crop Expenses	221.	6.6
Building & Fence Repairs	80.	2.4
Utilities	76.	2.3
Tractor & Machinery Expenses	187.	5.6
Truck & Auto Expenses	61.	1.8
Interest	376.	11.3
Hired Labour	349.	10.4
Taxes & Insurance	74.	2.2
Custom Work	68.	2.0
Rentals & Leases	40.	1.2
Miscellaneous	98.	2.9
Depreciation	459.	13.7
TOTAL EXPENSES	$ 3,345.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE D-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,520.	$ 40.15	$ 17.69
Manufactured Milk	768.	12.23	5.39
Milk Subsidies	108.	1.73	0.76
Livestock Sales	317.	5.05	2.23
Crop Sales	58.	0.92	0.41
Miscellaneous Sales	180.	2.87	1.26
TOTAL CASH RECEIPTS	$ 3,951.	$ 62.96	$ 27.74
Adj. for Inventory Change	$ 33.	$ 0.52	$ 0.23
TOTAL FARM RECEIPTS	$ 3,984.	$ 63.48	$ 27.97
EXPENSES:			
Milk Hauling	$ 118.	$ 1.87	$ 0.82
Dairy Feed	752.	11.98	5.28
Livestock Purchases	70.	1.11	0.49
Vet & Drugs	45.	0.72	0.32
Breeding	39.	0.63	0.28
Dairy Supplies	92.	1.46	0.64
Milk Marketing	140.	2.23	0.98
Crop Expenses	221.	3.52	1.55
Building & Fence Repair	80.	1.28	0.56
Utilities	76.	1.21	0.53
Tractor & Machinery Repair	187.	2.98	1.31
Truck & Auto Expense	61.	0.98	0.43
Interest	376.	6.00	2.64
Hired Labour	349.	5.56	2.45
Taxes & Insurance	74.	1.18	0.52
Custom Work	68.	1.08	0.47
Rentals & Leases	40.	0.64	0.28
Miscellaneous	98.	1.56	0.69
TOTAL CASH EXPENSES	$ 2,886.	$ 45.99	$ 20.26
Building Depreciation	$ 106.	$ 1.68	$ 0.74
Machinery Depreciation	354.	5.63	2.48
TOTAL DEPRECIATION	$ 459.	$ 7.32	$ 3.22
TOTAL FARM EXPENSES	$ 3,345.	$ 53.30	$ 23.48
NET FARM INCOME	$ 639.	$ 10.18	$ 4.48

Section E

Unit Size

100+ cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $454,510. or $3,230. on a per cow basis. This amount accounted for 85.6 percent of Total Farm Receipts. Of this amount, fluid milk represented 67.6 percent, manufactured milk 28.3 percent and milk subsidy 4.1 percent.

Livestock sales averaged 8.9 percent of Total Farm Receipts, while Crop Sales were 0.7 percent and Miscellaneous Sales were 4.8 percent.

Total Farm Receipts averaged $531,190. per farm or $3,775. on a per cow basis.

TABLE E-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 307,328.	$ 2,184.
Manufactured Milk Sales	128,452.	913.
Milk Subsidy	18,730.	133.
Livestock Sales	47,142.	335.
Crop Sales	3,980.	28.
Miscellaneous Sales	25,558.	182.
TOTAL FARM RECEIPTS	$ 531,190.	$ 3,775.

EXPENSES

Total Cash Expenses for farms in this group averaged $385,924. per farm or $2,743. per cow. Purchased dairy feed was the largest expense item and accounted for 29.5 percent of this total.

Other major expenses were; interest at 5.7 percent, hired labour at 13.8 percent, crop expenses at 7.7 percent, tractor and machinery expense at 7.9 percent, and miscellaneous at 3.8 percent.

TABLE E-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 15,330.	$ 109.
Dairy Feed	113,737.	808.
Livestock Purchases	2,656.	19.
Vet & Drugs	5,982.	43.
Breeding	6,490.	46.
Dairy Supplies	9,874.	70.
Milk Marketing	25,180.	179.
Crop Expense	29,540.	210.
Building & Fence Repair	11,329.	81.
Utilities	8,999.	64.
Tractor & Machinery Expense	30,582.	217.
Truck & Auto	6,636.	47.
Interest	21,892.	156.
Hired Labour	53,316.	379.
Taxes & Insurance	10,233.	73.
Custom Work	8,543.	61.
Rentals & Leases	11,097.	79.
Miscellaneous	14,508.	103.
TOTAL CASH EXPENSES	$ 385,924.	$ 2,743.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $145,266. per farm or $1,033. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $95,315. per farm or $677. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $46,763. per farm or $332. per cow.

TABLE E-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 531,190.	$ 3,775.
Total Cash Expenses	385,924.	2,743.
NET CASH INCOME	$ 145,266.	$ 1,033.
Plus: Inventory Change	$ 5,911.	$ 42.
Less: Depreciation	55,862.	397.
NET FARM INCOME	$ 95,315.	$ 677.
Less: Unpaid Family Labour	$ 2,132.	$ 15.
Interest on Equity @10%	46,420.	330.
LABOUR AND MANAGEMENT INCOME	$ 46,763.	$ 332.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $439,408. per farm or $3,123. per cow. On a per hectolitre of milk sold basis, this cost was $51.79. The return from the sale of milk averaged $53.57 leaving a net return over costs of $1.78 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $48.06, leaving a Net Return of $5.51. This then would be the return to Operator Labour.

TABLE E-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 385,924.	$ 2,743.
Plus: Depreciation		55,862.	397.
Inventory Change		(5,911.)	(42.)
Interest on Equity @ 10%		46,420.	330.
Unpaid Family Labour		2,132.	15.
Operator Labour		31,661.	225.
Less: Sales (Excl. Milk)		76,680.	545.
NET COST OF PRODUCING MILK		$ 439,408.	$ 3,123.
Number of Cows	(#)	141	1
Total Litres of Milk Sold	(L)	848,419	6,030
Price Received per HL	($)	53.57	53.57
Cost of Producing Milk/HL	($)	51.79	51.79
NET RETURN PER HL	($)	1.78	1.78

PRODUCTION ANALYSIS

Total milk sales averaged 848,419 litres per farm. For farms in this group, 141 cows per farm was the average with milk sold per cow standing at 6,030 litres.

Fluid milk represented 62.5 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 67.6 percent of milk sales. Average blend price for all milk was $53.57 per hectolitre.

Purchased feed averaged $808. per cow or $13.41 per hectolitre of milk sold. These dollars represented 3,449 kilograms of feed per cow consumed.

TABLE E-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	141	1
Total Litres of Milk Sold	(L)	848,419	6,030
Value of Milk Sold	($)	454,510	3,230
Price Received per HL Milk	($)	53.57	53.57
Fluid Milk (L's as % of Total Milk)	(%)	62.5	62.5
Fluid Milk ($'s as % of Total Milk)	($)	67.6	67.6
Cost of Dairy Feed	($)	113,737	808
Feed Cost per HL Milk Sold	($)	13.41	13.41
Feed Cost as % of Total Cost	(%)	25.7	25.7
Feed Cost as % of Milk Sales	(%)	25.0	25.0
Kilograms of Feed/HL Milk	(Kgs)	57.20	57.20
Kilograms of Feed	(Kgs)	482,860	3,449
Pounds of Feed	(Lbs)	1062,291	7,588

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $720,220. per farm or $5,119. per cow. Liabilities averaged $256,019. per farm and $1,820. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $464,201. per farm or $3,299. per cow.

TABLE E-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 78,605.	$ 559.
" " - Buildings	120,399.	856.
" " - Machinery	158,546.	1,127.
" " - Livestock	178,626.	1,270.
" " - Crops & Supp	48,068.	342.
" " - Milk Quota	57,054.	405.
" " - Acct's Rec'able	9,916.	70.
" " - Co-op Dairy Inv.	69,006.	490.
TOTAL INVENTORY VALUE - ASSETS	$ 720,220.	$ 5,119.
LIABILITIES:		
Short Term	$ 14,034.	$ 100.
Intermediate Term	90,072.	640.
Long Term	151,914.	1,080.
TOTAL LIABILITIES	$ 256,019.	$ 1,820.
EQUITY OR NET WORTH	$ 464,201.	$ 3,299.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 64.45 percent. Farms received a return to equity capital of 13.25 percent and a return to capital of 11.58 percent.

Capital Turnover averaged 1.34 years.

Total Assets to Total Liabilities ratio was 2.81 - for every dollar of debt there were $2.81 of assets.

Net Income as a percent of Gross Farm Income averaged 17.75 percent for this group of farms.

TABLE E-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	64.45
Return on Equity	(%)	13.25
Return on Invested Capital	(%)	11.58
Capital Turnover	(Yrs)	1.34
Current Assets/Current Liabilities	($)	21.78
Total Assets/Total Liabilities	($)	2.81
Total Liabilities/Equity	($)	0.55
Net Income/Gross Income	(%)	17.75

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 4.27 man equivalents; composed of 1.94 operator and unpaid family labour and 2.32 hired man equivalents.

For each man equivalent, 33 cows were maintained with 198,867 litres of milk sold at a value of $106,536.

Labour Income per man equivalent averaged $25,165.

TABLE E-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	141
Operator & Family Man Equivalents	(#)	1.94
Hired Man Equivalents	(#)	2.32
Total Man Equivalents	(#)	4.27
Cows per Man Equivalent	(#)	33
Milk Sold per Man Equilivent	(L)	198,867
Milk Sold per Man Equivalent	($)	106,536
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	25,165

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 25.7 percent of Total Expenses. Other major expenses were; depreciation at 12.6 percent, interest at 5.0 percent, hired labour at 12.1 percent, crop expenses at 6.7 percent, tractor and machinery at 6.9 percent and miscellaneous at 2.5 percent of Total Expenses.

TABLE E-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 109.	3.5%
Dairy Feed	808.	25.7
Livestock Purchased	19.	0.6
Vet & Drugs	43.	1.4
Breeding	46.	1.5
Dairy Supplies	70.	2.2
Milk Marketing	179.	5.7
Crop Expenses	210.	6.7
Building & Fence Repairs	81.	2.6
Utilities	64.	2.0
Tractor & Machinery Expenses	217.	6.9
Truck & Auto Expenses	47.	1.5
Interest	156.	5.0
Hired Labour	379.	12.1
Taxes & Insurance	73.	2.3
Custom Work	61.	1.9
Rentals & Leases	79.	2.5
Miscellaneous	103.	3.3
Depreciation	397.	12.6
TOTAL EXPENSES	$ 3,140.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE E-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,184.	$ 36.22	$ 15.96
Manufactured Milk	913.	15.14	6.67
Milk Subsidies	133.	2.21	0.97
Livestock Sales	335.	5.56	2.45
Crop Sales	28.	0.47	0.21
Miscellaneous Sales	182.	3.01	1.33
TOTAL CASH RECEIPTS	$ 3,775.	$ 62.61	$ 27.58
Adj. for Inventory Change	$ 42.	$ 0.70	$ 0.31
TOTAL FARM RECEIPTS	$ 3,817.	$ 63.31	$ 27.89
EXPENSES:			
Milk Hauling	$ 109.	$ 1.81	$ 0.80
Dairy Feed	808.	13.41	5.91
Livestock Purchases	19.	0.31	0.14
Vet & Drugs	43.	0.71	0.31
Breeding	46.	0.76	0.34
Dairy Supplies	70.	1.16	0.51
Milk Marketing	179.	2.97	1.31
Crop Expenses	210.	3.48	1.53
Building & Fence Repair	81.	1.34	0.59
Utilities	64.	1.06	0.47
Tractor & Machinery Repair	217.	3.60	1.59
Truck & Auto Expense	47.	0.78	0.34
Interest	156.	2.58	1.14
Hired Labour	379.	6.28	2.77
Taxes & Insurance	73.	1.21	0.53
Custom Work	61.	1.01	0.44
Rentals & Leases	79.	1.31	0.58
Miscellaneous	103.	1.71	0.75
TOTAL CASH EXPENSES	$ 2,743.	$ 45.49	$ 20.04
Building Depreciation	$ 81.	$ 1.35	$ 0.59
Machinery Depreciation	316.	5.23	2.31
TOTAL DEPRECIATION	$ 397.	$ 6.58	$ 2.90
TOTAL FARM EXPENSES	$ 3,140.	$ 52.07	$ 22.94
NET FARM INCOME	$ 677.	$ 11.23	$ 4.95

Section F

Analysis of

All Farms

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $204,083. or $3,347. on a per cow basis. This amount accounted for 85.7 percent of Total Farm Receipts. Of this amount, fluid milk represented 72.4 percent, manufactured milk 24.1 percent and milk subsidy 3.5 percent.

Livestock sales averaged 8.2 percent of Total Farm Receipts, while Crop Sales were 1.1 percent and Miscellaneous Sales were 5.0 percent.

Total Farm Receipts averaged $238,220. per farm or $3,907. on a per cow basis.

TABLE F-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 147,781.	$ 2,424.
Manufactured Milk Sales	49,245.	808.
Milk Subsidy	7,058.	116.
Livestock Sales	19,602.	322.
Crop Sales	2,645.	43.
Miscellaneous Sales	11,889.	195.
TOTAL FARM RECEIPTS	$ 238,220.	$ 3,907.

EXPENSES

Total Cash Expenses for farms in this group averaged $174,337. per farm or $2,860. per cow. Purchased dairy feed was the largest expense item and accounted for 27.1 percent of this total.

Other major expenses were; interest at 11.7 percent, hired labour at 11.6 percent, crop expenses at 7.4 percent, tractor and machinery expense at 6.5 percent, and miscellaneous at 3.1 percent.

TABLE F-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 7,153.	$ 117.
Dairy Feed	47,323.	776.
Livestock Purchases	4,122.	68.
Vet & Drugs	2,876.	47.
Breeding	2,619.	43.
Dairy Supplies	5,550.	91.
Milk Marketing	9,200.	151.
Crop Expense	12,986.	213.
Building & Fence Repair	5,244.	86.
Utilities	4,868.	80.
Tractor & Machinery Expense	11,339.	186.
Truck & Auto	3,890.	64.
Interest	20,431.	335.
Hired Labour	20,299.	333.
Taxes & Insurance	4,747.	78.
Custom Work	3,710.	61.
Rentals & Leases	2,642.	43.
Miscellaneous	5,339.	88.
TOTAL CASH EXPENSES	$ 174,337.	$ 2,860.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $63,882. per farm or $1,048. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $38,699. per farm or $635. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $19,156. per farm or $314. per cow.

TABLE F-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 238,220.	$ 3,907.
Total Cash Expenses	174,337.	2,860.
NET CASH INCOME	$ 63,882.	$ 1,048.
Plus: Inventory Change	$ 2,094.	$ 34.
Less: Depreciation	27,277.	447.
NET FARM INCOME	$ 38,699.	$ 635.
Less: Unpaid Family Labour	$ 2,556.	$ 42.
Interest on Equity @10%	16,988.	279.
LABOUR AND MANAGEMENT INCOME	$ 19,156.	$ 314.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $202,334. per farm or $3,319. per cow. On a per hectolitre of milk sold basis, this cost was $53.53. The return from the sale of milk averaged $53.99 leaving a net return over costs of $0.46 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $48.93, leaving a Net Return of $5.07. This then would be the return to Operator Labour.

TABLE F-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 174,337.	$ 2,860.
Plus: Depreciation		27,277.	447.
Inventory Change		(2,094.)	(34.)
Interest on Equity @ 10%		16,988.	279.
Unpaid Family Labour		2,556.	42.
Operator Labour		17,406.	286.
Less: Sales (Excl. Milk)		34,136.	560.
NET COST OF PRODUCING MILK		$ 202,334.	$ 3,319.
Number of Cows	(#)	61	1
Total Litres of Milk Sold	(L)	377,981	6,200
Price Received per HL	($)	53.99	53.99
Cost of Producing Milk/HL	($)	53.53	53.53
NET RETURN PER HL	($)	0.46	0.46

PRODUCTION ANALYSIS

Total milk sales averaged 377,981 litres per farm. For farms in this group, 61 cows per farm was the average with milk sold per cow standing at 6,200 litres.

Fluid milk represented 67.7 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 72.4 percent of milk sales. Average blend price for all milk was $53.99 per hectolitre.

Purchased feed averaged $776. per cow or $12.52 per hectolitre of milk sold. These dollars represented 2,901 kilograms of feed per cow consumed.

TABLE F-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	61	1
Total Litres of Milk Sold	(L)	377,981	6,200
Value of Milk Sold	($)	204,083	3,347
Price Received per HL Milk	($)	53.99	53.99
Fluid Milk (L's as % of Total Milk)	(%)	67.7	67.7
Fluid Milk ($'s as % of Total Milk)	($)	72.4	72.4
Cost of Dairy Feed	($)	47,323	776
Feed Cost per HL Milk Sold	($)	12.52	12.52
Feed Cost as % of Total Cost	(%)	23.5	23.5
Feed Cost as % of Milk Sales	(%)	23.2	23.2
Kilograms of Feed/HL Milk	(Kgs)	46.80	46.80
Kilograms of Feed	(Kgs)	174,080	2,901
Pounds of Feed	(Lbs)	382,975	6,383

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $399,028. per farm or $6,545. per cow. Liabilities averaged $229,152. per farm and $3,759. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $169,876. per farm or $2,786. per cow.

TABLE F-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 51,724.	$ 848.
" " - Buildings	68,269.	1,120.
" " - Machinery	78,382.	1,286.
" " - Livestock	84,559.	1,387.
" " - Crops & Supp	20,092.	330.
" " - Milk Quota	61,831.	1,014.
" " - Acct's Rec'able	2,399.	39.
" " - Co-op Dairy Inv.	31,771.	521.
TOTAL INVENTORY VALUE - ASSETS	$ 399,028.	$ 6,545.
LIABILITIES:		
Short Term	$ 15,941.	$ 261.
Intermediate Term	50,814.	833.
Long Term	162,396.	2,664.
TOTAL LIABILITIES	$ 229,152.	$ 3,759.
EQUITY OR NET WORTH	$ 169,876.	$ 2,786.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 42.57 percent. Farms received a return to equity capital of 11.03 percent and a return to capital of 9.82 percent.

Capital Turnover averaged 1.66 years.

Total Assets to Total Liabilities ratio was 1.74 - for every dollar of debt there were $1.74 of assets.

Net Income as a percent of Gross Farm Income averaged 16.10 percent for this group of farms.

TABLE F-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	42.57
Return on Equity	(%)	11.03
Return on Invested Capital	(%)	9.82
Capital Turnover	(Yrs)	1.66
Current Assets/Current Liabilities	($)	8.71
Total Assets/Total Liabilities	($)	1.74
Total Liabilities/Equity	($)	1.35
Net Income/Gross Income	(%)	16.10

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.63 man equivalents; composed of 1.47 operator and unpaid family labour and 1.16 hired man equivalents.

For each man equivalent, 23 cows were maintained with 143,630 litres of milk sold at a value of $77,550.

Labour Income per man equivalent averaged $14,785.

TABLE F-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	61
Operator & Family Man Equivalents	(#)	1.47
Hired Man Equivalents	(#)	1.16
Total Man Equivalents	(#)	2.63
Cows per Man Equivalent	(#)	23
Milk Sold per Man Equilivent	(L)	143,630
Milk Sold per Man Equivalent	($)	77,550
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	14,785

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 23.5 percent of Total Expenses. Other major expenses were; depreciation at 13.5 percent, interest at 10.1 percent, hired labour at 10.1 percent, crop expenses at 6.4 percent, tractor and machinery at 5.6 percent and miscellaneous at 1.3 percent of Total Expenses.

TABLE F-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 117.	3.5%
Dairy Feed	776.	23.5
Livestock Purchased	68.	2.0
Vet & Drugs	47.	1.4
Breeding	43.	1.3
Dairy Supplies	91.	2.8
Milk Marketing	151.	4.6
Crop Expenses	213.	6.4
Building & Fence Repairs	86.	2.6
Utilities	80.	2.4
Tractor & Machinery Expenses	186.	5.6
Truck & Auto Expenses	64.	1.9
Interest	335.	10.1
Hired Labour	333.	10.1
Taxes & Insurance	78.	2.4
Custom Work	61.	1.8
Rentals & Leases	43.	1.3
Miscellaneous	88.	2.6
Depreciation	447.	13.5
TOTAL EXPENSES	$ 3,307.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE F-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,424.	$ 39.10	$ 17.22
Manufactured Milk	808.	13.03	5.74
Milk Subsidies	116.	1.87	0.82
Livestock Sales	322.	5.19	2.28
Crop Sales	43.	0.70	0.31
Miscellaneous Sales	195.	3.15	1.39
TOTAL CASH RECEIPTS	$ 3,907.	$ 63.02	$ 27.76
Adj. for Inventory Change	$ 34.	$ 0.55	$ 0.24
TOTAL FARM RECEIPTS	$ 3,942.	$ 63.58	$ 28.01
EXPENSES:			
Milk Hauling	$ 117.	$ 1.89	$ 0.83
Dairy Feed	776.	12.52	5.52
Livestock Purchases	68.	1.09	0.48
Vet & Drugs	47.	0.76	0.34
Breeding	43.	0.69	0.31
Dairy Supplies	91.	1.47	0.65
Milk Marketing	151.	2.43	1.07
Crop Expenses	213.	3.44	1.51
Building & Fence Repair	86.	1.39	0.61
Utilities	80.	1.29	0.57
Tractor & Machinery Repair	186.	3.00	1.32
Truck & Auto Expense	64.	1.03	0.45
Interest	335.	5.41	2.38
Hired Labour	333.	5.37	2.37
Taxes & Insurance	78.	1.26	0.55
Custom Work	61.	0.98	0.43
Rentals & Leases	43.	0.70	0.31
Miscellaneous	88.	1.41	0.62
TOTAL CASH EXPENSES	$ 2,860.	$ 46.12	$ 20.32
Building Depreciation	$ 98.	$ 1.58	$ 0.70
Machinery Depreciation	350.	5.64	2.48
TOTAL DEPRECIATION	$ 447.	$ 7.22	$ 3.18
TOTAL FARM EXPENSES	$ 3,307.	$ 53.34	$ 23.50
NET FARM INCOME	$ 635.	$ 10.24	$ 4.51

Section G

Net Farm Income

Analysis

One of the key factors studied when analyzing a farm business is Net Farm Income. This factor is important as it provides the return to the operator for his labour and management skills along with a return to equity capital in the business. A study of the various groupings below can provide some indication of why there are such wide variations in the Net Farm Incomes of the farms in this summary.

The one hundred and twenty (120) farms in the summary were reorganized into three groupings based on Net Farm Income per Cow. These groups were - (1) the high 25 percent Net Farm Income per Cow Farms, (2) the middle 50 percent Net Farm Income per Cow Farms and (3) the low 25 percent Net Farm Income per Cow Farms.

Similiar assumptions regarding Interest on Equity, Operator and Family Labour were made for this section as were made throughout the summary.

Table G-1 provides data on a per farm basis, while Table G-2 provides the data on a per cow basis.

A review of the tables shows that the High Net Farm Income per Cow group received a return to all factors of production at the assumed levels. The Medium Net Farm Income per Cow group and the Low Net Farm Income per Cow group did not receive a return sufficient to meet all costs.

The High Net Farm Income Group had Net Income per cow of $1107., while the middle and low groups averaged $647. and $132. respectively.

Return on Equity averaged 21.4 percent for the high group, while the middle and low groups averaged 15.2 and 0.0 respectively.

Net Income as a percent of Gross Income averaged 25.5 percent for the High Group, 16.5 for the Middle Group, and 3.7 for the Low Group.

TABLE G-1

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$158,702	$149,004	$134,413
Industrial Milk	52,977	51,965	40,073
Milk Subsidies	7,592	7,436	5,768
Livestock Sales	21,161	19,504	18,241
Crop Sales	3,614	2,050	2,865
Miscellaneous Sales	11,829	12,508	10,712
TOTAL CASH RECEIPTS	$255,875	$242,466	$212,072
Adj. for Inventory Change	$ 2,944	$ 2,811	$ (191)
TOTAL FARM RECEIPTS	$258,819	$245,276	$211,881
EXPENSES:			
Milk Hauling	$ 7,494	$ 7,397	$ 6,323
Dairy Feed	48,447	48,560	43,723
Livestock Purchases	2,608	4,675	4,530
Vet and Drugs	2,877	3,005	2,617
Breeding	2,522	2,822	2,312
Dairy Supplies	4,798	6,116	5,171
Milk Marketing	9,466	10,098	7,138
Crop Expenses	11,441	13,225	14,052
Building and Fence Repair	4,497	5,157	6,166
Utilities	4,566	4,889	5,127
Tractor and Machinery Repair	9,662	12,079	11,538
Truck and Auto Expense	3,887	3,567	4,539
Interest	16,532	20,801	23,590
Hired Labour	22,185	19,398	20,215
Taxes and Insurance	4,132	4,792	5,272
Custom Work	2,630	4,590	3,029
Rentals and Leases	3,888	1,966	2,747
Miscellaneous	5,274	4,796	6,489
TOTAL CASH EXPENSES	$166,905	$177,931	$174,579

TABLE G-1
(CONT'D)

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Building Depreciation		$ 6,238	$ 5,462	$ 6,695
Machinery Depreciation		19,716	21,355	22,826
TOTAL DEPRECIATION		$ 25,954	$ 26,817	$ 29,521
TOTAL FARM EXPENSES		$192,859	$204,748	$204,100
NET FARM INCOME		$ 65,960	$ 40,528	$ 7,781
Total Farm Expense		$192,859	$204,748	$204,100
Plus: Interest on Equity		21,403	17,920	10,707
Unpaid Family Labour		2,548	2,688	2,301
Operator Labour		17,573	18,043	15,991
Less: Sales (Excl. Milk)		36,604	34,061	31,818
NET COST OF PRODUCING MILK		$197,780	$209,338	$201,281
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	60	63	59
Litres of Milk/Farm	(L)	406,390	385,626	334,285
Price of Milk/HL	($)	53.96	54.04	53.92
Cost of Producing Milk/HL	($)	48.67	54.29	60.21
NET RETURN/HL	($)	5.29	(.24)	(6.29)
Investment/Farm	($)	410,492	410,243	365,134
Liabilities/Farm	($)	196,461	231,041	258,065
Feed Cost/HL Milk Sold	($)	11.92	12.59	13.08
Equity in Business	(%)	52.1	43.7	29.3
Return on Equity	(%)	21.4	15.2	0.0
Return on Invested Capital	(%)	17.2	11.5	4.5
Net Income / Gross Income	(%)	25.5	16.5	3.7

TABLE G-2

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$2,663	$2,378	$2,281
Industrial Milk	889	829	680
Milk Subsidies	127	119	98
Livestock Sales	355	311	310
Crop Sales	61	33	49
Miscellaneous Sales	198	200	182
TOTAL CASH RECEIPTS	$4,293	$3,869	$3,599
Adj. for Inventory Change	$ 49	$ 45	$ (3)
TOTAL FARM RECEIPTS	$4,343	$3,914	$3,595
EXPENSES:			
Milk Hauling	$ 126	$ 118	$ 107
Dairy Feed	813	775	742
Livestock Purchases	44	75	77
Vet and Drugs	48	48	44
Breeding	42	45	39
Dairy Supplies	80	98	88
Milk Marketing	159	161	121
Crop Expenses	192	211	238
Building and Fence Repair	75	82	105
Utilities	77	78	87
Tractor and Machinery Repair	162	193	196
Truck and Auto Expense	65	57	77
Interest	277	332	400
Hired Labour	372	310	343
Taxes and Insurance	69	76	89
Custom Work	44	73	51
Rentals and Leases	65	31	47
Miscellaneous	88	77	110
TOTAL CASH EXPENSES	$2,800	$2,839	$2,962

TABLE G-2
(CONT'D)

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Building Depreciation		$ 105	$ 87	$ 114
Machinery Depreciation		331	341	387
TOTAL DEPRECIATION		$ 435	$ 428	$ 501
TOTAL FARM EXPENSES		$3,236	$3,267	$3,463
NET FARM INCOME		$1,107	$ 647	$ 132
Total Farm Expense		$3,236	$3,267	$3,463
Plus: Interest on Equity		359	286	182
Unpaid Family Labour		43	43	39
Operator Labour		295	288	271
Less: Sales (Excl. Milk)		614	544	540
NET COST OF PRODUCING MILK		$3,318	$3,340	$3,415
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	60	63	59
Litres of Milk/Cow	(L)	6,819	6,154	5,672
Price of Milk/HL	($)	53.96	54.04	53.92
Cost of Producing Milk/HL	($)	48.67	54.29	60.21
NET RETURN/HL	($)	5.29	(.24)	(6.29)
Investment/Cow	($)	6,887	6,883	6,126
Liabilities/Cow	($)	3,296	3,877	4,330
Feed Cost/HL Milk Sold	($)	11.92	12.59	13.08
Equity in Business	(%)	52.1	43.7	29.3
Return on Equity	(%)	21.4	15.2	0.0
Return on Invested Capital	(%)	17.2	11.5	4.5
Net Income / Gross Income	(%)	25.5	16.5	3.7

Section H

Production

Analysis

In the management of a business, output per unit of input is one of the key elements to the success of that business. In the dairy business, production per farm or more particularly, production per cow is one of the key factors determining the profitability of the farm business.

In this section of the summary, farms were reclassified according to production levels on a per cow basis. Three (3) levels were chosen as follows: (1) high 25 percent production per cow farms; (2) middle 50 percent production per cow farms, and (3) low 25 percent production per cow farms.

Assumptions regarding Operator and Family Labour and Interest on Equity were the same as used elsewhere in this summary.

Tables H-1 and H-2 present information on a per farm and per cow basis.

In analyzing the information found in the tables, it is noted that the high and medium production per cow groups achieved a return to all factors of production but the low production per cow group did not. The high production group showed a $1.04 net return per hectolitre, the medium production group a $0.61 net return per hectolitre, and the low group a $(3.57) net return per hectolitre.

The high production group had production of 7,358 litres per cow, while the low production group averaged 5,023 litres per cow.

TABLE H-1

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$165,675	$154,384	$116,680
Industrial Milk	54,007	51,622	39,730
Milk Subsidies	8,283	7,398	5,151
Livestock Sales	21,033	20,388	16,602
Crop Sales	3,556	2,444	2,134
Miscellaneous Sales	13,822	12,392	8,950
TOTAL CASH RECEIPTS	$266,376	$248,628	$189,247
Adj. for Inventory Change	$ 3,734	$ 1,439	$ 1,763
TOTAL FARM RECEIPTS	$270,110	$250,066	$191,010
EXPENSES:			
Milk Hauling	$ 8,031	$ 7,423	$ 5,734
Dairy Feed	47,326	51,501	38,962
Livestock Purchases	6,286	3,413	3,377
Vet and Drugs	3,237	3,118	2,031
Breeding	3,010	2,830	1,807
Dairy Supplies	5,756	5,889	4,666
Milk Marketing	10,060	9,348	8,044
Crop Expenses	14,363	12,754	12,073
Building and Fence Repair	5,973	4,949	5,106
Utilities	5,106	5,161	4,044
Tractor and Machinery Repair	11,896	11,819	9,824
Truck and Auto Expense	4,107	3,713	4,026
Interest	24,589	20,722	15,690
Hired Labour	24,140	21,046	14,963
Taxes and Insurance	4,904	4,520	5,043
Custom Work	5,358	3,648	2,185
Rentals and Leases	2,118	3,133	2,183
Miscellaneous	5,161	5,946	4,302
TOTAL CASH EXPENSES	$191,421	$180,933	$144,059

TABLE H-1
(CONT'D)

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Building Depreciation		$ 6,903	$ 6,021	$ 4,912
Machinery Depreciation		25,720	20,818	17,895
TOTAL DEPRECIATION		$ 32,623	$ 26,839	$ 22,808
TOTAL FARM EXPENSES		$224,045	$207,772	$166,866
NET FARM INCOME		$ 46,065	$ 42,294	$ 24,144
Total Farm Expense		$224,045	$207,772	$166,866
Plus: Interest on Equity		19,317	17,141	14,351
Unpaid Family Labour		1,955	3,172	1,926
Operator Labour		16,663	18,114	16,754
Less: Sales (Excl. Milk)		38,411	35,224	27,686
NET COST OF PRODUCING MILK		$223,569	$210,975	$172,210
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	57	64	59
Litres of Milk/Farm	(L)	421,637	396,039	298,209
Price of Milk/HL	($)	54.07	53.88	54.18
Cost of Producing Milk/HL	($)	53.02	53.27	57.75
NET RETURN/HL	($)	1.04	0.61	(3.57)
Feed Cost/HL Milk Sold	($)	11.22	13.00	13.07
Feed Cost as % of Total Sales	(%)	21.1	24.8	23.3
Feed Cost as % of Milk Sales	(%)	20.8	24.1	24.1
Kilograms of Feed/HL Milk Sold	(kgs)	41.0	50.0	46.5

TABLE H-2

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$2,891	$2,427	$1,965
Industrial Milk	943	812	669
Milk Subsidies	145	116	87
Livestock Sales	367	321	280
Crop Sales	62	38	36
Miscellaneous Sales	241	195	151
TOTAL CASH RECEIPTS	$4,649	$3,909	$3,188
Adj. for Inventory Change	$ 65	$ 23	$ 30
TOTAL FARM RECEIPTS	$4,714	$3,932	$3,217
EXPENSES:			
Milk Hauling	$ 140	$ 117	$ 97
Dairy Feed	826	810	656
Livestock Purchases	110	54	57
Vet and Drugs	56	49	34
Breeding	53	45	30
Dairy Supplies	100	93	79
Milk Marketing	176	147	135
Crop Expenses	251	201	203
Building and Fence Repair	104	78	86
Utilities	89	81	68
Tractor and Machinery Repair	208	186	165
Truck and Auto Expense	72	58	68
Interest	429	326	264
Hired Labour	421	331	252
Taxes and Insurance	86	71	85
Custom Work	94	57	37
Rentals and Leases	37	49	37
Miscellaneous	90	93	72
TOTAL CASH EXPENSES	$3,341	$2,845	$2,427

TABLE H-2
(CONT'D)

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Building Depreciation		$ 120	$ 95	$ 83
Machinery Depreciation		449	327	301
TOTAL DEPRECIATION		$ 569	$ 422	$ 384
TOTAL FARM EXPENSES		$3,910	$3,267	$2,811
NET FARM INCOME		$ 804	$ 665	$ 407
Total Farm Expense		$3,910	$3,267	$2,811
Plus: Interest on Equity		337	270	242
Unpaid Family Labour		34	50	32
Operator Labour		291	285	282
Less: Sales (Excl. Milk)		670	554	466
NET COST OF PRODUCING MILK		$3,902	$3,317	$2,901
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	57	64	59
Litres of Milk/Cow	(L)	7,358	6,227	5,023
Price of Milk/HL	($)	54.07	53.88	54.18
Cost of Producing Milk/HL	($)	53.02	53.27	57.75
NET RETURN/HL	($)	1.04	0.61	(3.57)
Feed Cost/HL Milk Sold	($)	11.22	13.00	13.07
Feed Cost as % of Total Costs	(%)	21.1	24.8	23.3
Feed Cost as % of Milk Sales	(%)	20.8	24.1	24.1
Kilograms of Feed/HL Milk Sold	(kgs)	41.0	50.0	46.5

Section I

Investment

Analysis

The level of capital investment in a business can be an important factor in determining the profitability of that business. In this section of the summary, farms are re-grouped into three (3) classifications as follows: (1) the high 25 percent Investment per Cow Farms, (2) the middle 50 percent Investment per Cow Farms, and (3) the low 25 percent Investment per Cow Farms.

Similiar assumptions regarding Operator and Family Labour and Return on Equity were used for this section as were made throughout this summary.

Table I-1 provides data on a per farm basis, while Table I-2 provides data on a per cow basis.

The information contained in the tables reveals that only the middle and low investment per cow groups received a return to all factors of production at the assumed levels.

Investment per cow averaged $5,796. for the Low Investment per Cow group, and $9,578 for the High Investment per Cow group.

All groups received a Return to Equity ranging from 11.8 percent for the High Investment per Cow group, to 15.1 percent for the Low Investment per Cow group.

Net Income as a percent of Gross Farm Income ranged from 14.7 percent for the High Investment per Cow group, to 17.1 percent for the Low Investment per Cow group.

TABLE I-1

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$148,530	$145,830	$150,933
Industrial Milk	44,865	49,062	53,991
Milk Subsidies	7,195	6,802	7,433
Livestock Sales	19,613	19,033	20,731
Crop Sales	3,363	2,808	1,601
Miscellaneous Sales	14,463	11,319	10,457
TOTAL CASH RECEIPTS	$238,029	$234,852	$245,145
Adj. for Inventory Change	$ 3,710	$ 1,772	$ 1,120
TOTAL FARM RECEIPTS	$241,739	$236,624	$246,266
EXPENSES:			
Milk Hauling	$ 7,142	$ 7,073	$ 7,323
Dairy Feed	41,083	45,076	58,056
Livestock Purchases	7,001	3,293	2,900
Vet and Drugs	2,849	2,894	2,869
Breeding	2,537	2,506	2,929
Dairy Supplies	5,552	5,728	5,192
Milk Marketing	7,605	9,241	10,712
Crop Expenses	13,265	13,084	12,511
Building and Fence Repair	4,971	5,176	5,656
Utilities	4,829	4,887	4,869
Tractor and Machinery Repair	10,415	11,159	12,624
Truck and Auto Expense	3,784	3,894	3,987
Interest	27,310	20,171	14,071
Hired Labour	19,133	21,201	19,661
Taxes and Insurance	4,838	4,643	4,864
Custom Work	5,074	3,194	3,376
Rentals and Leases	1,710	3,116	2,626
Miscellaneous	4,379	5,516	5,944
TOTAL CASH EXPENSES	$173,475	$171,851	$180,169

TABLE 1-1
(CONT'D)

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Building Depreciation		$ 8,028	$ 5,683	$ 4,463
Machinery Depreciation		24,619	20,510	19,613
TOTAL DEPRECIATION		$ 32,647	$ 26,193	$ 24,076
TOTAL FARM EXPENSES		$206,122	$198,044	$204,245
NET FARM INCOME		$ 35,617	$ 38,580	$ 42,020
Total Farm Expense		$206,122	$198,044	$204,245
Plus: Interest on Equity		21,567	15,490	15,403
Unpaid Family Labour		3,137	2,666	1,756
Operator Labour		15,947	17,604	18,516
Less: Sales (Excl. Milk)		37,439	33,159	32,788
NET COST OF PRODUCING MILK		$209,335	$200,644	$207,132
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	54	60	70
Litres of Milk/Farm	(L)	369,543	374,283	393,817
Price of Milk/HL	($)	54.28	53.89	53.92
Cost of Producing Milk/HL	($)	56.65	53.61	52.60
NET RETURN/HL	($)	(2.37)	0.28	1.33
Investment/Farm	($)	513,075	386,278	310,482
Liabilities/Farm	($)	297,402	231,375	156,455
Feed Cost/HL Milk Sold	($)	11.12	12.04	14.74
Equity in Business	(%)	42.0	40.1	49.6
Return on Equity	(%)	11.8	16.5	15.1
Return on Invested Capital	(%)	9.7	11.7	13.5
Net Income / Gross Income	(%)	14.7	16.3	17.1

TABLE 1-2

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$2,773	$2,433	$2,143
Industrial Milk	838	819	767
Milk Subsidies	134	113	106
Livestock Sales	366	318	294
Crop Sales	63	47	23
Miscellaneous Sales	270	189	148
TOTAL CASH RECEIPTS	$4,444	$3,919	$3,481
Adj. for Inventory Change	$ 69	$ 30	$ 16
TOTAL FARM RECEIPTS	$4,513	$3,948	$3,496
EXPENSES:			
Milk Hauling	$ 133	$ 118	$ 104
Dairy Feed	767	752	824
Livestock Purchases	131	55	41
Vet and Drugs	53	48	41
Breeding	47	42	42
Dairy Supplies	104	96	74
Milk Marketing	142	154	152
Crop Expenses	248	218	178
Building and Fence Repair	93	86	80
Utilities	90	82	69
Tractor and Machinery Repair	194	186	179
Truck and Auto Expense	71	65	57
Interest	510	337	200
Hired Labour	357	354	279
Taxes and Insurance	90	77	69
Custom Work	95	53	48
Rentals and Leases	32	52	37
Miscellaneous	82	92	84
TOTAL CASH EXPENSES	$3,238	$2,867	$2,558

TABLE 1-2
(CONT'D)

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Building Depreciation		$ 150	$ 95	$ 63
Machinery Depreciation		460	342	278
TOTAL DEPRECIATION		$ 609	$ 437	$ 342
TOTAL FARM EXPENSES		$3,848	$3,304	$2,900
NET FARM INCOME		$ 665	$ 644	$ 597
Total Farm Expense		$3,848	$3,304	$2,900
Plus: Interest on Equity		403	258	219
Unpaid Family Labour		59	44	25
Operator Labour		298	294	263
Less: Sales (Excl. Milk)		699	553	466
NET COST OF PRODUCING MILK		$3,908	$3,348	$2,941
Number of Farms	(#)	30	60	30
Number of Cows/Farm	(#)	54	60	70
Litres of Milk/Cow	(L)	6,899	6,245	5,591
Price of Milk/HL	($)	54.28	53.89	53.92
Cost of Producing Milk/HL	($)	56.65	53.61	52.60
NET RETURN/HL	($)	(2.37)	0.28	1.33
Investment/Cow	($)	9,578	7,211	5,796
Liabilities/Cow	($)	5,552	4,319	2,921
Feed Cost/HL Milk Sold	($)	11.12	12.04	14.74
Equity in Business	(%)	42.0	40.1	49.6
Return on Equity	(%)	11.8	16.5	15.1
Return on Invested Capital	(%)	9.7	11.7	13.5
Net Income / Gross Income	(%)	14.7	16.3	17.1

Section J

Summary

The 1988 Nova Scotia Dairy Farm Business Summary provides basic information and statistics on the costs and returns associated with the dairy enterprise on Nova Scotia farms. While not based on a stastically sound random sample of dairy farms, the summary can be used, with care, to assist in the analysis of the dairy enterprise by providing group average data for comparison purposes.

Table J-1 provides a brief summary of a number of cost and profit ratios and management factors that are often used when analyzing a farm business. These ratios and management factors provide useful information about the financial and production strength of the farm business. In addition, weaknesses in the farm business can be pinpointed through an analysis of these ratios and management factors.

In reviewing these ratios and management factors, the following points are worthy of comment:

- A total of 120 farms were included in the summary.

- Capital Turnover Ratio is 1.66 years.

- Equity in the farm business varied widely from farm to farm, but averaged 42.6 percent for all farms.

- Return on Equity averaged 11.0 percent with significant variation among farms.

- Net Income to Gross Income varied widely, but averaged 16.1 percent.

- Production per cow averaged 6,200 litres of milk sold.

A review of the previous sections showed that the 20 to 39 Cow Group and the 40 to 59 Cow Group did not receive a return to all factors of production, while the 60 to 99 Cow Group and the 100 plus Cow Group did. When farms were reclassified by various criteria (Net Farm Income, Production and Investment per cow), the Medium and Low Net Income per Cow, the Low Production per Cow and the High Investment per Cow groups did not receive a return greater than all costs.

In compiling the data for this summary, extreme variation among farms was noted. The variation occurred in most factors, including returns, costs and management factors. Below, we list a number of examples of the variation observed.

- Net Farm Income had a range of $2,570. per cow between the highest and lowest net incomes on a per cow basis.

- Investment per cow had a range of $9,546. between the highest and lowest investments on a per cow basis.

- Production per cow varied 6,307 litres per cow between the highest and lowest production on a per cow basis.

With such wide variation in many of the costs, returns and management factors, it is difficult to isolate specific characteristics that result in a profitable dairy unit. It would appear, however, that a number of the key factors of production, such as Production per Cow, Efficient Use of Capital, Efficient Use of Labour and Cost Control are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combine these factors of production in the management and operation of their business achieved a reasonable return to their Capital and Management.

TABLE J-1

COST AND PROFIT RATIOS

ITEM		20-39 COWS	40-59 COWS	60-99 COWS	100+ COWS	ALL FARMS
Number of Farms		26	45	38	11	120
Number of Cows per Farm		32	48	75	141	61
COST RATIOS:						
Variable Cost as % of Total Cost		55	61	60	66	61
Fixed Cost as % of Total Cost		28	24	25	19	24
Opportunity Cost as % of Total Cost		17	16	16	16	16
EARNING AND SOLVENCY RATIOS:						
Capital Turnover	(Yrs)	1.84	1.67	1.75	1.34	1.66
Farm Equity	(%)	32.6	37.8	41.2	64.5	42.6
Return on Equity	(%)	8.15	9.51	10.98	13.25	11.03
Current Ratio	(%)	3.03	1.80	2.27	6.68	2.47
Net Capital Ratio	($)	1.48	1.61	1.70	2.81	1.74
Debt to Equity Ratio	($)	2.07	1.65	1.43	.55	1.35
Net Income/Gross Income	(%)	15.72	15.31	16.03	17.75	16.10
MANAGEMENT FACTORS:						
Cows/Man Equivalent	(#)	20	21	24	33	23
Milk Sold/Cow	(L)	6204	6206	6276	6030	6200
Milk Sold/Man Equivalent	(L)	121716	131094	149639	198867	143630
Purchased Feed/Cow	($)	811	774	752	808	776
Purchased Feed/Cow	(Kgs)	2787	2819	2731	3449	2901
Feed as % of Milk Sold	(%)	23.8	23.2	22.1	25.0	23.2
Feed as % of Total Costs	(%)	24.0	23.2	22.5	25.7	23.5
Feed/HL Milk Sold	(Kgs)	44.93	45.41	43.52	57.20	46.80
Feed Cost/HL Milk Sold	($)	13.07	12.48	11.98	13.41	12.52

Appendix

The Tables in the Appendix outline Per Farm, Per Cow, Per Hectolitre, Per Hundredweight and Percentage figures for all farms combined in the summary.

The Appendix also provides a Glossary of Terms used throughout the Summary. A brief definition or explanation of each term is also provided.

RECEIPTS AND EXPENSES SUMMARY

ITEM	PER FARM	PER COW
RECEIPTS:		
Fluid Milk	$147,781	$2,424
Industrial Milk	49,245	808
Milk Subsidies	7,058	116
Livestock Sales	19,602	322
Crop Sales	2,645	43
Miscellaneous Sales	11,889	195
TOTAL CASH RECEIPTS	$238,220	$3,907
Adj. for Inventory Change	$ 2,094	$ 34
TOTAL FARM RECEIPTS	$240,313	$3,942
EXPENSES:		
Milk Hauling	$ 7,153	$ 117
Dairy Feed	47,323	776
Livestock Purchases	4,122	68
Vet and Drugs	2,876	47
Breeding	2,619	43
Dairy Supplies	5,550	91
Milk Marketing	9,200	151
Crop Expenses	12,986	213
Building and Fence Repair	5,244	86
Utilities	4,868	80
Tractor and Machinery Repair	11,339	186
Truck and Auto Expense	3,890	64
Interest	20,431	335
Hired Labour	20,299	333
Taxes and Insurance	4,747	78
Custom Work	3,710	61
Rentals and Leases	2,642	43
Miscellaneous	5,339	88
TOTAL CASH EXPENSES	$174,337	$2,860
Building Depreciation	$ 5,964	$ 98
Machinery Depreciation	21,313	350
TOTAL DEPRECIATION	$ 27,277	$ 447
TOTAL FARM EXPENSES	$201,614	$3,307
NET FARM INCOME	$ 38,699	$ 635

RECEIPTS AND EXPENSES SUMMARY

PER 100 LITRES	PER CWT	PERCENTAGE
$39.10	$17.22	61.5
13.03	5.74	20.5
1.87	0.82	2.9
5.19	2.28	8.2
0.70	0.31	1.1
3.15	1.39	4.9
$63.02	$27.76	99.1
$ 0.55	$ 0.24	0.9
$63.58	$28.01	100.0
$ 1.89	$ 0.83	3.5
12.52	5.52	23.5
1.09	0.48	2.0
0.76	0.34	1.4
0.69	0.31	1.3
1.47	0.65	2.8
2.43	1.07	4.6
3.44	1.51	6.4
1.39	0.61	2.6
1.29	0.57	2.4
3.00	1.32	5.6
1.03	0.45	1.9
5.41	2.38	10.1
5.37	2.37	10.1
1.26	0.55	2.4
0.98	0.43	1.8
0.70	0.31	1.3
1.41	0.62	2.6
$46.12	$20.32	86.5
$ 1.58	$ 0.70	3.0
5.64	2.48	10.6
$ 7.22	$ 3.18	13.5
$53.34	$23.50	100.0
$10.24	$ 4.51	0.0

GLOSSARY OF TERMS

ASSETS - All items of value owned by the farm business.

CAPITAL TURNOVER - The length of time, measured in years, that is required to generate sufficient income to equal total capital invested in the farm business. The ratio is Total Capital Invested divided by Total or Gross Farm Income.

CASH EXPENSES - The sum of all cash expenses expended by the farm business during the year. This includes such items as feed, livestock purchased, hired labour, interest and marketing costs.

DEPRECIATION - This is an amount which represents the loss in value of an asset over a certain period of time due to the number of years of remaining life, the amount of use and obsolescence. In this summary, tax depreciation rates are used.

EQUITY - This is the difference between the value of the assets and liabilities and represents the value of assets that would remain if all debts were paid off. Further it represents the capital contribution to the business by the owner.

FARM RECEIPTS - The sum of all cash receipts received by the business during the year. This includes such items as fluid milk sales, livestock sales and miscellaneous sales.

INTERMEDIATE TERM LIABILITIES - This is debt owed by the business to others with a usual term of from 1 to 10 years.

INVENTORY ADJUSTMENT - This represents an increase or decrease in the value of inventory (livestock, crops, supplies) held by the farm to earn income.

LABOUR AND MANAGEMENT INCOME - This term represents Net Farm Income with an Adjustment made for unpaid family labour and interest on equity. It represents a return to the operator for his labour and management skills after all other costs have been deducted.

LIABILITIES - Debts owed by the business to others.

LONG TERM LIABILITIES - Debts of greater term than 10 years.

MAN EQUIVALENTS - Total number of months of labour including operator, hired and unpaid family labour divided by 12 to reduce the total labour force to the equivalent of the number of men employed on a yearly basis.

NET FARM INCOME - Total Farm Income minus Total Farm Expenses. This represents the return to the farm, the operator and family for labour, management and capital.

RETURN TO EQUITY - This represents the return to the owners capital after adjustments have been made for operator and family labour. The calculation is:

(Net Farm Income - Operator and Family Labour) multiplied by 100 and divided by the Equity

RETURN TO INVESTED (TOTAL) CAPITAL - This represents the rate of return achieved by the total capital invested in the farm business. The calculation is: (Net Farm Income + Interest Paid - Operator and Family Labour)*100 divided by Total Capital Investment (Total Assets)

SHORT TERM LIABILITIES - Debts owed by the business that have a term of less than one (1) year. Short term may also be called Current.